



**NOTICE OF A MEETING OF THE VINEYARD
REDEVELOPMENT AGENCY BOARD
February 28, 2018 – 6:00 PM**

Public Notice is hereby given that the Vineyard Redevelopment Agency Board will hold a meeting on Wednesday, February 28, 2018, starting at approximately 6:00 PM or as soon thereafter as possible following the City Council meeting in the Vineyard City Hall; 240 East Gammon Road, Vineyard, Utah. The agenda will consist of the following: *(to view a specific document click on the [blue links](#) below)*

Agenda

1. CONSENT AGENDA:

- a) [Approval of the January 24, 2018 RDA Meeting Minutes](#)

2. BUSINESS ITEMS:

2.1 DISCUSSION AND ACTION– The Forge Parking Structure

Cottonwood Partners is requesting that the RDA participate in funding the building of a 783 stall, 5 level, 300,000 square foot parking structure on lot 7 of The Forge at Geneva development. The RDA Board will take appropriate action. ([application](#))

3. ADJOURNMENT

RDA meetings are scheduled as needed.

The Public is invited to participate in all Vineyard Redevelopment Agency meetings. In compliance with the Americans with Disabilities Act, individuals needing special accommodations during this meeting should notify the City Recorder at least 24 hours before the meeting by calling (801) 226-1929.

I the undersigned duly appointed City Recorder for Vineyard, Utah, hereby certify that the foregoing notice and agenda was emailed to the Salt Lake Tribune, posted at the Vineyard City Hall, the Vineyard city offices, the Vineyard city website, the Utah Public Notice website, delivered electronically to city staff and to each member of the Governing Body.

AGENDA NOTICING COMPLETED ON: February 26, 2018

CERTIFIED (NOTICED) BY: /s/ Pamela Spencer

PAMELA SPENCER, CITY RECORDER

MINUTES OF THE VINEYARD
REDEVELOPMENT AGENCY BOARD MEETING
240 East Gammon Road, Vineyard, Utah
January 24, 2018 – 6:00 PM

Present

Chair Julie Fullmer
Boardmember John Earnest
Boardmember Tyce Flake
Boardmember Chris Judd

Absent

Boardmember Nate Riley

Staff Present: City Manager/Finance Director Jacob McHargue, City Attorney David Church, Sergeant Holden Rockwell with the Utah County Sheriff's Department, Community Development Director Morgan Brim, City Planner Elizabeth Hart, Water/Parks Manager Sullivan Love, Building Official George Reid, City Recorder Pamela Spencer, Planning Commission Chair Cristy Welsh

Others Present: Janet West, Jeff Gochnour and Eric Gaoiran with Cottonwood Partners, Laura Lewis with Lewis, Young, Robertson and Burningham

7:06 PM RDA MEETING

Chair Fullmer opened the meeting at 7:06 PM.

CONSENT AGENDA:

a) Approval of the January 10, 2018 RDA Meeting Minutes

Chair Fullmer called for a motion.

Motion: BOARDMEMBER FLAKE MOVED TO APPROVE THE JANUARY 10, 2018 MEETING MINUTES. BOARDMEMBER JUDD SECONDED THE MOTION. CHAIR FULLMER, BOARDMEMBERS EARNEST, FLAKE, AND JUDD VOTED AYE. BOARDMEMBER RILEY WAS ABSENT. MOTION CARRIED WITH ONE ABSENT.

BUSINESS ITEMS:

2.1 DISCUSSION – The Forge Parking Structure

City Manager/Finance Director Jacob McHargue will introduce Cottonwood Partners, who is requesting that the RDA participate in funding the building of a 783 stall, 5 level, 300,000 square foot parking structure on Lot 7 of The Forge at Geneva development.

Chair Fullmer turned the time over to City Manager/Finance Director Jacob McHargue.

Mr. McHargue introduced the applicants Janet West and Jeff Gochmour with Cottonwood Partners. He mentioned that Laura Lewis with Lewis Young Robertson and Burningham (Lewis Young) was also present to help answer any questions the board might have.

Mr. Gochmour explained the layout of The Forge Development. He stated that they were there to request support for a parking structure which would be located on Lot 7. He said that they needed density to support the area. He explained that if they were to develop one building at 100,000 to 125,000 square feet they would need a ratio of four and five parking stalls per thousand square feet respectively. He said that having ground level parking would defeat the purpose of a dense mixed-use project. He said that their objective was to make it a special place that was pedestrian friendly.

Mr. Gochmour reviewed The Forge's plan with a parking structure. He noted that they were looking at having two office buildings:

• Forge I	65,000 square feet	3 stories	
• Forge II	121,000 square feet	4 stories	
• Hotel	110,000 square feet	100 rooms	
• Commercial	25,000 square feet		
• <u>Parking Structure</u>	<u>300,000 square feet</u>	5 levels	783 stalls
• Total	623,000 square feet		

Mr. Gochmour explained that the parking would be a shared use with all of the buildings. He said with this layout they would have 2.5 times more in terms of development intensity.

Mr. Gochmour noted that there would be 5,200 square feet of retail fronting the parking structure. Mr. McHargue mentioned that this would be consistent with the bottom level of the office building. Mr. Gochmour explained that they were including an 18-foot ceiling height for retail on the bottom level of the office buildings. He said that it could be used for office space or a shared mixed-use until they were able to get retail in those spaces.

Mr. Gochmour explained that the first two levels of the parking structure would fall within the first floor of the office buildings because of the 18-feet of height. Levels three and four of the parking structure would be consistent with levels two and three of the office buildings. Level five would be below the roof-line of Forge I, with Forge II being higher. He said that the top of the parking structure would include a photovoltaic system which would create covered parking.

Boardmember Earnest asked about the height of the hotel. Mr. Gochmour replied that it had not been determined yet, but thought it would be around three stories.

Mr. Gochmour explained that there would be screening devices on the parking structure such as a green screen, metal panels, and perforated panels. He said that the panels could have images on them such as the old Geneva Steel site.

Mr. Gochmour showed a 3D model of the site and different views of the buildings on the site and their height comparisons.

Mr. Gochnour reviewed the costs:

Land	\$1,290,000
Construction	\$14,900,000
Design	\$400,000
Development	\$765,000
Other	\$300,00
Total	\$17,000,000

Mr. Gochnour gave a timeline for each building. He said that their intent was to start one, if not two, office buildings this year. He said that the hotel developer was looking at starting in 2019. Summary:

	Square Feet	Cost	Jobs
Forge I	65,000	\$17,000,000	260-325
Forge II	121,000	\$28,000,000	490-675
Hotel	110,000	\$13,000,000	30-40
Commercial	25,000	\$5,000,000	20-30
Parking Structure	300,000	\$18,000,000	0
Total	623,000	\$81,000,000	800-1,070

Boardmember Judd asked Mr. Gochnour what he thought the commercial use would be on the west side of the site. Mr. Gochnour replied that that had not been determined yet. He said that they had had some sports-related interest such as a climbing gym with a retail store.

Mr. McHargue explained that he had worked with Lewis Young to analyze how much money would be available from the site. He presented comparable costs for similar parking structures around the valley.

Parking Structure Costs Per Stall

America Fork	\$14,000
Sandy	\$12,500
Vineyard	\$17,800
National Average	\$18,599
Total Average	\$15,745

Mr. McHargue mentioned that staff had been working on this with The Forge for about three months. He said that the RDA was maxed out with current money so they had to come up with a performance-based incentive. He explained how it would work:

- A performance-based incentive would help eliminate risk for the RDA.
- The developer would provide up-front costs and would be reimbursed over time through tax increment generated on the site.
- The developer had the incentive to develop quickly and with a high-quality product because their reimbursement would be directly tied to the values they created on their site.

- The RDA had entered into performance-based incentive programs on two projects in the past:
 - Megaplex
 - Water's Edge

Mr. McHargue explained how the tax increment worked.

- Tax Increment Formula
 - $= (\text{Taxable Value} - \text{Base Value}) * \text{Combined Tax Rate}$
- RDA Share of Tax Increment is 75%
- Forge Lot 7 includes plan for hotel, office buildings, & retail. Triggering their phase in 2019.
- RDA would begin collecting tax increment from this site in 2020 and would continue through 2045
- Projected RDA Increment
 - 2020 \$458,926
 - 2021 \$458,926
 - 2022 \$550,617
 - 2023 – 2045 \$573,794

Mr. McHargue said that there were two bonding options

- C-PACE Bonds (Commercial Property Assessed Clean Energy). He said that with the C-PACE bond the RDA would be the financing mechanism but would not be obligated to make the bond payments. Ms. Lewis mentioned that the bonds had to be issued as a conduit through local government and they could not make the payment. Mr. McHargue noted that the developer would own the building.
- Special Assessment Bond. The RDA would be the financing conduit and could be obligated to make the bond payment. The city or RDA would own the structure. Mr. McHargue explained that the RDA would never be able to fund 100% of the parking structure.

Ms. Lewis explained that with either option the tax increment would go to the developer and the financing would be separate from the tax increment. She said that with either option the developer would receive a Special Assessment notice, which could be carried on the property tax bills and would trump any first trust deeds. Boardmember Judd asked if the city would receive a separate title policy. Ms. Lewis replied that it would show on the title policy "subject to any Special Assessment." She said that they would have the board record a "Special Notice of Interest."

Boardmember Judd asked if the different options had a different maturity. Ms. Lewis explained that, by state law, C-PACE Bonds could be amortized over 25 years and the Special Assessment Bond over 20 years.

179 Mr. McHargue explained that there were requirements on the value of the site and how big the
180 C-PACE bonds could be. He said that they estimated that they could do a C-PACE Bond for
181 just over \$14 million at an interest rate of 6.25 percent. He stated that with other obligations the
182 RDA would only be able to share about 70% of the tax increment.

183
184 Mr. McHargue gave a breakdown of the shared tax increment, annual debt service contribution,
185 etc., for both bonds.

186
187 Boardmember Judd asked what would happen on the C-PACE option if the developer
188 defaulted. Ms. Lewis explained that the C-PACE lender would trump other lenders. She
189 explained the process she went through to acquire a C-PACE bond. She mentioned that C-
190 PACE bonds were new to Utah.

191
192 Boardmember Earnest asked what the dollar amount was that the developer was asking the
193 RDA for. Mr. Gochnour stated that this was their obligation and it would depend on the
194 amount of the bond. Ms. Lewis said that it would depend on what the lender was willing to
195 fund. The RDA was being asked to consider the contribution towards tax increment. There was
196 further discussion about C-PACE bonds.

197
198 Boardmember Judd asked why 70%. Mr. McHargue replied that it was a number that they used
199 which was lower than the other participation agreements and would allow the city to fund other
200 obligations. He added that this was just on the 7 acres and would be a catalyst to get the
201 development moving and spur growth on the entire project. He said that the RDA could not
202 come close to what the developer was asking for, but were able to come to almost a 50/50 split.

203
204 Boardmember Earnest asked if this would free up more RDA funds for other needs. Mr.
205 McHargue replied that the financing option was necessary because the RDA did not have the
206 funds to give them.

207
208 Ms. Lewis explained that, in the last year and a half, she had assisted two other cities in
209 developing parking structures and this was the only way to make it work. Mr. Brim mentioned
210 that from a planning perspective they were under a geographical constraint. He felt that this
211 would promote the best use of the resources.

212
213 Mr. McHargue asked the board to reach out to staff with questions and if needed they could
214 hold another work session prior to the next RDA meeting, which was scheduled for February
215 28.

216
217 Boardmember Judd asked Mr. Gochnour if he felt that it was feasible to get lease rates
218 comparable to the Point of the Mountain area, which encompassed the area from Pleasant
219 Grove to Sandy. Mr. Gochnour felt that with how they were hoping to develop this project,
220 they could. He explained what the rental costs currently were. He said that if they had to bear
221 the entire cost of the parking structure it would add \$4 to \$5 a square foot to the rent and they
222 would not be able to compete.

Boardmember Judd asked if this would give the developer a competitive advantage over other developments in Vineyard. Mr. Gochnour thought that other projects would want similar help. He felt that if they were successful, the rents would escalate so they could afford the parking structure. He explained the how the Cottonwood Corporate Center in Salt Lake City was developed. He said if they built the right product and market they could pay for the structure.

Boardmember Judd felt that there should be a façade on the west side of the parking structure facing Mill Road. He thought they should include retail on that side. He felt that it would set Vineyard apart and hopefully drive demand up. He also felt it was a good thing for the RDA. Mr. Gochnour noted that they had looked at other options for the west side.

ADJOURNMENT

Chair Fullmer called for a motion to adjourn the meeting.

Motion: BOARDMEMBER FLAKE MOVED TO ADJOURN THE MEETING AT 7:50 PM. BOARDMEMBER JUDD SECONDED THE MOTION. CHAIR FULLMER, BOARDMEMBERS EARNEST, FLAKE, AND JUDD VOTED AYE. BOARDMEMBER RILEY WAS ABSENT. MOTION CARRIED WITH ONE ABSENT.

RDA meetings are scheduled as needed.

MINUTES APPROVED ON: _____

CERTIFIED CORRECT BY: /s/ Pamela Spencer
PAMELA SPENCER, CITY RECORDER



VINEYARD RDA STAFF REPORT

Date: 02-28-2018
Agenda Item: Forge Parking Structure Application
From: Jacob McHargue
Subject: Forge Parking Structure Application

Background/Discussion:

Over the past few months we have been working with the Cottonwood Partners on a parking structure on lot 7 of their site. The total projected cost for the parking structure is \$15,825,000. Last month we presented the different financing options that were available to the developer. We presented this as a performance-based incentive where the developer will be reimbursed based on the increment that they generate on their project as they develop. This model reduces the exposure for the RDA as we are only required to pay increment out as it is generated and we cannot be obligated to any bond payments. Our financial advisors have helped us build a model that estimates the future tax increment that will be generated on the site. In meetings with the Cottonwood partners, they have showed us plans to construct 186,000 square feet of office space, a 100-room hotel, and 25,000 square feet of retail space. We are estimating that the project will phase in over the next five years and will generate around \$574,000 per year in tax increment. The project is estimated to generate a total of just over \$14,000,000 over the life of the RDA.

Fiscal Impact:

The amount of money contributed to the parking structure will be dependent on the amount of increment generated within the project. Below is a table that shows the estimated tax sharing payments that would be made to the developer based on a tax sharing agreement of 70% on lot 7.

Year	Amount	Year	Amount	Year	Amount
1	\$ 321,247.95	9	\$ 401,655.79	18	\$ 401,655.79
2	\$ 321,247.95	10	\$ 401,655.79	19	\$ 401,655.79
3	\$ 385,431.98	11	\$ 401,655.79	20	\$ 401,655.79
4	\$ 401,655.79	12	\$ 401,655.79	21	\$ 401,655.79
5	\$ 401,655.79	13	\$ 401,655.79	22	\$ 401,655.79
6	\$ 401,655.79	14	\$ 401,655.79	23	\$ 401,655.79
7	\$ 401,655.79	15	\$ 401,655.79	24	\$ 401,655.79
8	\$ 401,655.79	16	\$ 401,655.79	25	\$ 401,655.79
9	\$ 401,655.79	17	\$ 401,655.79	Total	\$9,864,355.33



VINEYARD RDA STAFF REPORT

Recommendation:

We are recommending that the council approve the performance-based incentive for the 783-stall parking structure on Lot 7 as it has been presented to the RDA. We are recommending that the RDA share 70% of the increment that is generated on Lot 7. With the estimated payments shown above.

Alternatives:

The alternative that was presented to the RDA if we are unable to participate is that the 5-story office building that is planned on the site would require the remainder of lot 7 to be built into surface parking. This would result in a much lower tax increment generated on the site, an estimate of around \$168,000 per year or \$4,212,000 over the life of the RDA.

Attachments:

VINEYARD RDA DEVELOPMENT INCENTIVE APPLICATION

1. Applicant Organization: **Cottonwood Geneva LLC**
Address: **2750 E. Cottonwood Parkway, Suite 560**
City/State/Zip: **Cottonwood Heights, UT 84121**
Contact Person: **Jeff Gochmour**
Phone/Fax/Email: **801-365-6210/801-365-6201**
jgochmour@cottonwoodpartners.com
Is Applicant Property Owner: **Yes**
2. Describe type of project being proposed.
 - **The project is a 783 stall, 5 level, 300,000 square foot parking structure. It is to be constructed on Lot 7 of the Forge at Geneva (Exhibit 1). Lot 7 contains 7.27 acres of land and is planned to accommodate 285,000-325,000 square feet of development, not including the parking structure. The parking structure will satisfy the parking needs for this development density. The cost estimate is attached and includes a summary of total project costs (Exhibit 2) along with a detailed breakdown of construction costs prepared by Big-D Construction (Exhibit 3).**
3. Contribution of the Applicant:
 - Total Estimate Cost of the project: **\$17,655,000**
 - Contribution/Investment of Applicant: **\$2,055,000**
 - Other sources of funding: **TBD**
 - Assistance requested from the RDA: **TBD ***
 - Total Funding: **\$17,655,000**

*** We understand the RDA does not have the capacity to fund the entire balance up front, but recognize the RDA has various sources of funds that could be used to support this project. All, or a portion of the project, could be funded through a reimbursement agreement, returning to us 70% of the property tax increment generated by the project.**
4. Describe the ability of the site to be developed without assistance.
 - **Lot 7 could be developed without assistance at a significantly reduced density. For example, a 125,000 square foot office building would require the entire site, outside the footprint of the building, to be developed as a surface parking lot to accommodate the parking needs of the building. This would cut potential project density in half and would be inconsistent with the zoning of The Forge Mixed Use District.**

5. Describe the reasonable justification for the need of public investment in this project
 - **The vision for The Forge is a dense, pedestrian friendly mixed-use project that is active and vibrant day and night. It is a planned urban project in a suburban setting. Dense development requires parking structures to accommodate tenant parking demands and these structures are significantly more expensive than large, paved surface parking lots. To compete for office tenants, we must offer rents that are competitive with projects existing or underway in Draper, Lehi, Pleasant Grove and Orem. Most of these projects meet their tenants parking demands by building expansive surface parking lots. We are targeting full service rents of \$27-28 per square foot which is equivalent to competing projects in southern Salt Lake County and northern Utah County. If we pay for a parking structure, our rents will be \$4.00-\$5.00 higher than our competition, rendering an office development unfeasible. We need to be competitive with the market today which is why we are requesting assistance from the RDA, but we believe rental rates at the Forge will become the highest in the valley once it is established and our reliance on the RDA will diminish.**
6. Describe the land area which will be benefitted from the proposed project and the impact to future development.
 - **The site is 7.27 acres. The successful development of Lot 7 will allow adjacent lots to develop more quickly.**
7. Describe the impact this project will have on new jobs, or the quality of existing jobs (number and average salary)
 - **The following are new jobs estimates:**
 - **Office (185,000 SF) 750-1,000**
 - **Hotel (110,000 SF) 30-40**
 - **Other (25,000 SF) 20-30**
 - **Construction jobs will be created during the construction period, but these will be temporary jobs.**
8. Attach a chart which describes the proposed timeline of the project, including expected dates for start and completion
 - **A project timeline is attached (Exhibit 4).**
9. Will the RDA own any of the infrastructure related to this project? If so, describe/elaborate.
 - **Ownership of the parking structure will be dependent on the type of financing selected.**

10. How much taxable value will your project add to the tax rolls? (Indicate whether your estimate is above the existing taxable value. Also, provide supporting detail for how the estimate was derived).

- **The estimated taxable value upon completion, based on the cost of construction, will be approximately \$81 million broken down as follows: \$45 million for 185,000 square feet of rentable office space; \$13 million for a 100-room hotel; \$5 million for 25,000 square feet of other development; and \$18 million for the parking structure. This is above the existing tax value today, which is based on land only.**

FORGE PARKING STRUCTURE
COST ESTIMATE SUMMARY
1/16/2018

Square Feet	300,305	
Levels	5.0	
Stalls	783	
Estimated Construction Time (Months)	12-14	
	Total	Per Stall
Land [86,100 SF or 2.0 Acres at \$15.00/SF] *	1,290,000	1,648
Construction Costs	14,900,000	19,029
Architectural and Engineering Design	400,000	511
Development Fee (5%)	765,000	977
Soft Cost Contingency	300,000	383
GROSS TOTAL	17,655,000	22,548
Less:		
Land Contribution	(1,290,000)	(1,648)
Development Fee Contribution	(765,000)	(977)
NET TOTAL	15,600,000	19,923
GROSS Cost per SF		58.79
GROSS Cost per Stall		22,548
NET Cost per SF		51.95
NET Cost per Stall		19,923
* value to be confirmed		
file: Forge Parking Structure Costs - Big-D Estimate - Venyard RDA 1-15-18		

FORGE PARKING STRUCTURE
DETAILED COST ESTIMATE
ADDED COSTS
1/15/2018

Square Feet	300,305
Levels	5.0
Stalls	783
Estimated Construction Time (Months)	12-14
Modified (Banded) 2-Way Slab Structure	
CONSTRUCTION COSTS	
Site Work	963,144
Foundations	932,670
Substructure	437,239
Superstructure	7,046,416
Exterior Closure	708,525
Corten Metal Screen	140,608
Solar Array - South Elevation	90,571
Roofing	37,400
Interior Construction	171,338
Conveying	385,000
Fire Protection	54,055
Plumbing	180,183
Mechanical	20,000
Electrical	445,427
Staffing	311,173
Site Requirements	158,301
Weather Conditions	275,706
Contingency (10%)	1,235,776
Sub-Total	13,593,532
CONTRACTOR COSTS	
General Liability	104,309
Builder's Risk	15,646
Preconstruction Contingency	325,965
Construction Contingency	325,965
Warranty Reserve	13,039
General Contractor Fee	521,544
Sub-Total	1,306,468
TOTAL PROJECT COST	
	14,900,000
<p>* Quote prepared by Big-D Construction - January 5 2018</p> <p>file: Forge Parking Structure Costs - Big-D Estimate - Venyard RDA 1-15-18</p>	

The Forge at Geneva - Phase I Design and Construction Schedule																									1/16/2018
Year	2018												2019												NOTES
Month	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	
FORGE I OFFICE BUILDING - 65,000 SF																									
Engineering, Design and Approvals																									5 Months
Construction																									12-14 Months
FORGE PARKING STRUCTURE - LOT 7																									
Engineering, Design and Approvals																									5 Months
Construction																									12-14 Months
FORGE HOME 2 SUITES																									
Engineering Design and Approvals																									5 Months
Construction																									12 Months